



Housing & Community
Services Department
C O U N T Y O F O R A N G E

July 1, 2004

To: WIA Contractors of the Orange County Workforce Investment Area

From: Andrew Munoz
Special Programs Administrator/
Workforce Investment Board
Executive Director

Subject: Audit Resolution
Information Notice No. OCWDA-03-21

PURPOSE:

To define OCWIB criteria and eligibility documentation requirements relating to Audit Resolution.

EFFECTIVE DATE:

This notice is effective July 31, 2001

REFERENCE:

WIA State Directives WIAD00-6 dated 3/5/01, WIAD01-3 dated 7/31/01, and WIAD03-7 dated 9/9/03

BACKGROUND:

EDD has issued a new directive which requires LWIBs to follow specific procedures related to audit resolution.

POLICY AND PROCEDURE:

Contracts with subrecipients will include the requirement that an annual audit be performed.

The County will review audit reports for all subrecipient that receive \$300,000 or more in federal funding in fiscal years ending on or before December 31, 2003 or \$500,000 or more of federal funds in fiscal years ending after December 31, 2003, in accordance with OMB A-133.

1. If any findings are identified that relate to Workforce Investment Act and/or Welfare-to-Work, the County and/or it's subrecipient will immediately comply with all areas of EDD Directive WIAD01-3 including the following:



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- A. Establishment of an Audit Resolution File
 - B. Completion of a Control Log
 - C. Issuance of a Letter Of Determination
 - D. Establishment of an informal resolution period.
 - E. Completion of a sign in sheet for any informal meetings regarding audit resolution
 - F. Issuance of a Final Determination
2. An Initial Determination letter must be issued based upon the audit review and must include the following:
 - a. A list of all questioned costs.
 - b. Whether the costs are allowed or disallowed, including the reasons with appropriate citations for such actions.
 - c. The acceptance or rejection of any corrective action taken to date, including corrective action on administrative findings.
 - d. Possible sanctions.
 - e. The opportunity for informal resolution of no more than 60 calendar days from the date of Initial Determination.
 3. During informal resolution, the auditee may provide documentation to support allowability of costs and proposed corrective action of administrative findings. It is preferable to hold informal resolution discussions in person, where a sign in sheet must be retained as part of the audit file. The meeting must be documented by written notes or a voice recording.
 4. A Final Determination letter must be issued which contains the following:
 - a. A reference to the Initial Determination
 - b. Summation of the informal resolution meeting, if it was held.
 - c. Decisions regarding the disallowed costs, listing each disallowed cost and noting the reasons for each disallowance.
 - d. Questioned costs that have been allowed by the awarding agency and the basis for the allowance.
 - e. A demand for payment of the disallowed costs.
 - f. Description of the debt collection process and other sanctions that may be imposed if payment is not received.
 - g. Rights to a hearing.
 - h. The status of each administrative finding.
 5. The auditee has 30 calendar days after the Final Determination is issued to submit a written request for a hearing.
 6. All of the above items must be completed within 6 months of the receipt of the subrecipients audit report and must ensure that the subrecipient takes appropriate and timely corrective action.

7. Local level hearing procedures must be established which include the following:
 - a. The hearing must be recorded mechanically or by a court reporter.
 - b. The auditee is given 30 calendar days after the Final Determination is issued to submit a written request for a hearing.
 - c. The auditee will be provided with a written notice of the date and location of the hearing at least 10 calendar days prior to the hearing.
 - d. The auditee must be informed of the right to withdraw a hearing request as long as it is in writing.
 - e. The hearing officer is required to issue a decision within 60 days of the request filing date.
 - f. The auditee must be informed of the right to file an appeal 10 days from the receipt of the local hearing officer's adverse decision to the State Review Panel.
 - g. The auditee must be informed that if a local hearing is not held or the decision is not rendered timely, the auditee has 15 days from the date on which the hearing should have been held to file an appeal with the State Review Panel.
 - h. The Subgrantee will send the Compliance Review Division the complete audit for review if the auditee appeals the decision of the hearing officer to the State.
8. The County shall ensure that any unresolved administrative findings are corrected. The status of the administrative findings should be reviewed through the monitoring process. A copy of the monitoring report substantiating the implementation of the appropriate corrective action must be filed with the audit report.
9. All remaining portions of WIAD01-3 must be complied with, if applicable.

ACTION:

Bring this policy to the attention of all appropriate staff. Retain this policy until further notice.